

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
W. R. GRACE & CO., <u>et al.</u> , ¹)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
Debtors.)	

**DEBTORS' NOTICE OF PROPOSED SALE OF
GRACE PERFORMANCE CHEMICALS TANK TRAILERS
PURSUANT TO ORDER ESTABLISHING
PROCEDURES FOR THE SALE OF DE MINIMIS ASSETS**

PLEASE TAKE NOTICE that the Debtors propose to sell tank trailers used by their Performance Chemicals operating segment (the "Sale"). Pursuant to that certain Order Establishing Procedures for the Sale or Abandonment of De Minimis Assets dated August 2, 2001 (the "Order"), the Debtors may sell assets with a de minimis value up to \$5 million. In

¹ The Debtors consist of the following 62 entities: W. R. Grace & Co. (f/k/a Grace Specialty Chemicals, Inc.), W. R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (f/k/a Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (f/k/a Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (f/k/a Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (f/k/a Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (f/k/a Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W. R. Grace Capital Corporation, W. R. Grace Land Corporation, Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc. (f/k/a GHSC Holding, Inc., Grace JVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (f/k/a Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (f/k/a Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (f/k/a British Nursing Association, Inc.), Remedium Group, Inc. (f/k/a Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Cuming, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (f/k/a Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

accordance with the Order, the Debtors provide the following information in connection with the Sale:

1. The assets being sold are 110 tank trailers (the "Trailers") that are used to deliver concrete and masonry admixtures.

2. The Debtors propose to sell the Trailers to Distribution Technologies, Inc., a Ohio corporation with headquarters located in Newbury, Ohio ("DistTech"), for \$1,879,500.00 payable in cash on the closing date. This sale is being made in conjunction with the Debtors' entry into an agreement with DistTech, a national logistics company, under which it will supply admixtures delivery logistics services. A more detailed description of the Sale is attached as Attachment 1 hereto.

3. The Sale is being made in furtherance of an internal project initiated in February 2005 with the following objectives:

(a) Realize cost savings on product distribution initially and through future years;

(b) Provide continuing and leading edge service through a logistics partner to customers in the manner to which they are accustomed;

(c) Obtain access to the service provider's state of the art Information Technology in order to improve customer service, improve dispatching efficiency, and accelerate the reporting of deliveries. These resources of the service provider would include a fully automated Transportation Management System, real-time tracking and tracing of loads, and access to additional delivery resources when and as needed;

(d) Eliminate a non-core activity of Grace Performance Chemicals and focus on core-competencies.

4. Grace engaged Odyssey Logistics & Technology Corporation, headquartered in Danbury, Connecticut, as its consultant for the outsourcing project. Initially 23 potential service providers were selected based on size of the company, financial status, reliability, reputation, infrastructure, safety records and Information Technology capability. The request for pricing (RFP) was sent in August 2005 to four companies: DistTech, Quality Distribution, Inc. ("Quality"), Trimac Transportation ("Trimac"), and Ruan Transport ("Ruan").

5. DistTech and Quality each submitted a comprehensive offer for all the operations locations. Ruan's offer covered only four locations, and Trimac did not make an offer, explaining that it lacked experience with admixture delivery.

6. The discussions were continued with DistTech and Quality in order to enable them to better understand the logistics requirements for admixtures delivery, and to enable Grace to appraise their capability to run the operations smoothly at the required service levels. Pricing was also negotiated with both companies. DistTech was chosen because it offered a better package of services and price.

7. Based on the benefits of outsourcing the Trailers to a specialized service provider and the savings expected to be realized for the outsourcing, the Debtors believe that the Sale is in the best interests of their estates.

PLEASE TAKE FURTHER NOTICE THAT this notice of Sale is being served on (i) United States Trustee, Attn: David Klauder, 844 N. King Street Suite 2207, Lock Box 35, Wilmington, DE 19801; (ii) counsel to DIP Lender, J. Douglas Bacon and Jeff Moran, Latham & Watkins, Sears Tower, Suite 5800, 233 South Wacker Drive, Chicago, IL 60606; and Steven M. Yoder, The Bayard Firm, 222 Delaware Avenue, Suite 900, P.O. Box 25130, Wilmington,

DE 19899 (iii) counsel to The Chase Manhattan Bank, as agent for the Debtors' prepetition lenders, Mark D. Collins and Deborah Spivack, Richards, Layton & Finger, P.A. One Rodney Square, P.O. Box 551, Wilmington, DE 19899; (iv) counsel to the Official Committee of Unsecured Creditors, Lewis Kruger, Kenneth Pasquale and Arlene Krieger, Stroock & Stroock & Lavan, 180 Maiden Lane, New York, NY 10038-4982; Michael R. Lastowski, Duane, Morris & Heckscher, LLP, 1100 N. Market Street, Suite 1200, Wilmington, DE 19801-1246; and William S. Katchen, Duane Morris LLP 744 Broad Street Suite 1200, Newark, NJ 07102-3889;

(v) counsel to the Official Committee of Property Damage Claimants, Scott L. Baena, Bilzin, Sumberg, Dunn, Baena, Price & Axelrod, First Union Financial Center, 200 South Biscayne Boulevard, Suite 2500, Miami, FL 33131; and Theodore Tacconelli, Ferry & Joseph, P.A., 824 Market Street, Suite 904, P.O. Box 1351, Wilmington, DE 19899; (vi) counsel to the Official Committee of Personal Injury Claimants, Elihu Inselbuch and Rita Tobin, Caplin & Drysdale, 375 Park Avenue, 35th Floor, New York, NY 10152; Mark Hurford, Campbell & Levine, LLC, Chase Manhattan Center, 1201 Market Street, 15th Floor, Wilmington, DE 19899; and Peter Van N. Lockwood and Christopher Rizek, Caplin & Drysdale, Chartered, One Thomas Circle, N.W., Washington, DC 20005; (vii) counsel to the Official Committee of Equity Holders, Thomas Moers Mayer, Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, NY 10022 (fax 212-715-8000), and Robert A. Forsten, Klett Rooney Lieber & Schorling, 1000 West Street, Suite 1410, P.O. Box 1397, Wilmington, DE 198801; (viii) counsel to the Future Claimants' Representative, Roger Frankel, Richard H. Wyron and Deborah Felder, Orrick, Herrington & Sutcliffe LLP, Washington Harbour, 3050 K Street, N.W., Washington, DC 20007-5135, and John C. Phillips, Jr., Phillips, Goldman & Spence, P.A., 1200 North Broom Street, Wilmington,

DE 19806; (collectively, the "Sale Notice Parties"); and (ix) those parties that have previously expressed an interest in purchasing the Fleet: Mike Medford, Ruan, Inc., 3200 Ruan Center, 666 Grand Avenue, Des Moines , IA 50309; Keith Margelowsky – Senior VP - Marketing, Quality Distribution, Inc., 3802 Corporate Park Drive, Tampa, FL 33619; Jim D'Alessio, Trimac, 3710 Cane Run Road, Louisville, KY 40211.

PLEASE TAKE FURTHER NOTICE THAT any party wishing to submit an alternative bid must serve its bid in writing upon (A) counsel for the Debtors: (i) Pachulski Stang Ziehl Young Jones & Weintraub LLP, Attn: James E. O'Neill, 919 Market Street, 17th Floor, P.O. Box 8705, Wilmington, DE 19899-8705 (Courier 19801), and (ii) Kirkland & Ellis LLP, Attn: Janet S. Baer, 200 East Randolph Drive, Chicago, IL 60601 (collectively, "Debtors' Counsel"), and (B) the Sale Notice Parties, so that it is **received** on or before **September 25, 2006**. Such alternative bid must be for a higher dollar amount than \$1,879,500.00, and must be on terms that are otherwise equivalent or superior to the terms set forth in Attachment 1 hereto . Any alternative bid must exceed the original offer and must contain terms that are otherwise equivalent or superior to the terms of the original offer.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Sale must be in writing and served upon Debtors' Counsel so that it is **received** on or before **September 25, 2006**. In the event that the Debtors do not receive any written objections to the Sale on or before such date, the Debtors are authorized to proceed with the Sale without further approval of the Court.

Dated: September 11, 2006

Respectfully submitted,

KIRKLAND & ELLIS
Janet S. Baer
200 East Randolph Drive
Chicago, IL 60601
(312) 861-2000

and

PACHULSKI STANG ZIEHL YOUNG JONES &
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Co-Counsel for the Debtors and
Debtors-In-Possession